

**State Auditor's Housekeeping Bill**  
**SB 157**  
**Sponsored by Senator Don Ryan**

**EXHIBIT** 4  
**DATE** 4-2-07  
**SB** 157

This bill generally cleans up and updates language in the insurance code. The following is a list of highlighted items in this bill.

**As amended in the Senate, eliminates the farm mutual and service of process fee increase sections—these increases, although not opposed by industry, were stricken because they were determined to be outside of the realm of housekeeping.**

**33-1-311, MCA:** This statute allows the insurance commissioner to maintain the confidentiality of certain documents received from other insurance departments, law enforcement agencies, federal agencies and the National Association of Insurance Commissioners (NAIC) and to share confidential information with those same entities. As amended in the Senate, this provision adds "foreign governments" to that list. The NAIC requires the financial examination department to have that sharing ability in order to maintain necessary accreditation with the NAIC.

**33-17-214, MCA:** Requires insurance producers to inform the commissioner within 30 days of a final disposition in an administrative action if that action relates to the business of insurance and securities, or the final disposition of any criminal action, other than a traffic violation. This requirement to report currently exists in the code at 33-17-1205, attached to the requirement to report continuing education credits. However, CE is now only reported biennially, which is too long to wait for such information to be reported to the commissioner.

**As amended by the Senate at the request of the insurance industry, this provision clarifies that producers must inform the commissioner of criminal action only if convicted or as a result of disciplinary action.**

**33-17-232, MCA:** Clarifies the requirement that "services to be provided" must be specified and clearly defined in the written memorandum that is required when insurance consultants are receiving a fee for their services.

**33-19-105, MCA:** Adds updated terms from the HIPAA privacy and security regulations to the statute providing an exemption based on federal standards for privacy of individually identifiable health information for HIPAA covered entities. Also extends the sunset date on this exemption to July 2009.

**33-22-121 and 33-22-122, MCA, as amended in the Senate:** Clarifies existing statute on notices of cancellation for individual health insurance. Notices of cancellation for nonpayment must be sent at least 30 days in advance of cancellation. Coverage cannot be cancelled if the premium is paid in full before the end of the 30 days. The cancellation will be effective the beginning of the period for which premiums have not been paid in full, if notice of cancellation was sent within 15 days after the premium due date.

**33-22-513, MCA:** Changes made in order to conform to minimum federal HIPAA portability and nondiscrimination regulations. The insurer cannot cancel a conversion health insurance policy when an individual becomes age-eligible for Medicare.

**33-22-1517, MCA:** Clarifies the limitations on eligibility to make it clear that the MCHA may terminate high-risk pool coverage when an individual becomes age-eligible for Medicare, as allowed by federal law.

**33-22-2002, MCA:** Clarifies that the term "employee" as used in this part refers only to "eligible employees," meaning employees who are eligible pursuant to Montana small employer group laws to participate in an employer-sponsored group health plan.

**33-31-311, MCA:** Clarifies that an insurance producer who sells HMO products does not need any specialty license beyond a license to sell disability (health) insurance.

**33-35-306, MCA:** Clarifies that multiple employer welfare arrangements must send certificates of creditable coverage, as required by federal HIPAA portability law.

*Retroactive applicability dates are being requested for 33-22-2002 and for Chapter 595, Laws of 2005 in order to eliminate any question regarding which employees need to be counted for purposes of determining eligibility for the program and also to allow small businesses who have a tax year that does not coincide with the calendar year to still be eligible to claim a tax credit during 2006.*